

Message Text

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72

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 GSA-02 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03

H-03 INT-08 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 TAR-02 DODE-00 PA-04

USIA-15 PRS-01 DRC-01 /181 W
----- 071366

R 211530Z DEC 73

FM AMCONSUL MILAN

TO SECSTATE WASHDC 3459

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

US MISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMCONSUL GENOA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMCONSUL NAPLES

AMEMBASSY PARIS

US MISSION OECD PARIS

AMEMBASSY ROME

AMCONSUL TURIN

AMEMBASSY VIENNA

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SUBJECT: US FERROUS SCRAP EXPORTS

REF: (A) STATE 245805; (B) MILAN 1883 (C) ROME 13953

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(D) STATE 243602

1. CONTENTS REFTEL (A) DISCUSSED AT LENGTH WITH CAMPSIDER OFFICIAL SALVIA WHO EXPRESSED GRATITUDE FOR INFORMATION AND FOR EFFORTS OF CONSULATE TO EASE IMPACT U.S. EXPORT CONTROLS ON ITALIAN INDUSTRY. NEVERTHELESS, SALVIA EXPRESSED CONTINUING CONCERN RE ABILITY US SCRAP EXPORTERS TO MEET MID-FEBRUARY DELIVERY DATES NECESSARY FOR SMOOTH FUNCTIONING ITALIAN STEEL INDUSTRY. SALVIA NOTED THAT CHARTERING SHIPS NOW AS MUCH CONCERN AS OBTAINING NECESSARY LICENSES.

2. CONSULATE TOOK OPPORTUNITY SALVIA VISIT TO CLARIFY ROLES CAMPSIDER AND GOI RE ITALIAN FERROUS SCRAP REQUIREMENTS. CAMPSIDER IS CONSORTIUM OF MAJOR PUBLIC AND PRIVATE STEEL PRODUCERS IN ITALY (SIGNIFICANT EXCEPTION IS GROUP OF BRESCIAN STEEL PRODUCERS AND FOUNDERIES), CONSTITUTED TO FACILITATE AND COORDINATE MEMBERS' FERROUS SCRAP ORDERS OUTSIDE EC. CAMPSIDER OBTAINS PRICE-QUALITY-DELIVERY TERMS ON BEHALF INDIVIDUAL SCRAP CONSUMERS, GROUP ORDERS INTO 30-33,000 TON "SHIPLOAD" LOTS AND ARRANGES FOR DISTRIBUTION OF SCRAP AFTER ARRIVAL IN ITALY. CAMPSIDER DOES NOT HOLD TITLE TO FERROUS SCRAP NOR BUYS FOR ITS OWN ACCOUNT. GOI ACCORDING SALVIA, PLAYS NO ROLE IN ALLOCATION OR CONTROL OF FERROUS SCRAP RECEIVED FROM OUTSIDE EC. FOR FERROUS SCRAP IMPORTED FROM EC, PROCEDURES DESCRIBED REFTEL (C) APPLY. SALVIA FORESAW NO NEED FOR GOI INTERVENTION BEYOND THAT EXISTING WITH RESPECT TO EC.

3. DEMAND FOR STEEL AND IRON PRODUCTS CONTINUES HIGH, DESPITE PROBLEMS ASSOCIATED WITH ENERGY CRISIS AND AUTOMOBILE AND AUTOMOBILE-RELATED INDUSTRY. PRODUCTION MAY BE AFFECTED BY ADOPTION SPECIAL HOLIDAYS DESIGNED TO STRETCH PETROLEUM SUPPLIES; AS WELL, TWO MONTHS DROUGHT IN NORTHERN ITALY HAS REPORTEDLY REDUCED RESERVOIR LEVELS WITH CONSEQUENT IMPACT PRODUCTION HYDROELECTRIC POWER. EFFECT OF THIS SITUATION WILL BE TO STRETCH EXISTING FERROUS SCRAP SUPPLIES; BUT SHOULD NOT LEAD TO COMPLACENCY REGARDING SERIOUSNESS OF PROBLEM.

4. CONSULATE OFFICER EXPLAINED US FERROUS SCRAP SITUATION (PARAS 3 AND 4 REFTEL (D)), AND SUGGESTED THAT CAMPSIDER UNCLASSIFIED

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MIGHT WISH TO LOOK INTO POSSIBILITY OBTAINING GREATER SUPPLIES FROM EC COUNTRIES SUCH AS FRANCE AND GERMANY WHICH NOW EXPORT SMALL AMMOUNTS SCRAP TO SPAIN AND AUSTRIA. SALVIA EXPLAINED THAT PRESENT EC EXPORTS ARE PRIMARILY A PRICE PHENOMENA: FERROUS SCRAP EXPORTED IS ACCUMULATED IN AREAS (SUCH AS SOUTHWESTERN FRANCE) FAR FROM FRENCH CONSUMERS AND SOLD MORE PROFITABLY TO CONSUMERS IN ADJACENT SPAIN. PRESUMABLY, AT SOME PRICE LEVEL OR IN CASE OF ABSOLUTE

NEED, THESE SUPPLIES COULD BE DIVERTED TO EC USERS.

5. COMMENT: DESPITE LACK GOI CONTROLS ON IMPORTS FERROUS SCRAP FROM NON-EC SOURCES, NEED TO AGGLOMERATE ORDERS IN SHIPLOAD LOTS IMPOSES VERY TANGIBLE LIMITATIONS RE SCRAP ORDERS FROM US SELLERS. CAMPSIDER VIRTUALLY ONLY ITALIAN ORGANIZATION CAPABLE OF DOING THIS, AND IN FACT, PENDING ORDERS COVER ENTIRE ITALIAN FIRST QUARTER 1974 ALLOTMENT WITH 91,000 LONG TON SPILLOVER INTO SECOND QUARTER. GOOLD

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